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GENERAL

Date: 9 MAR 1978 By:

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1. Gouin prefers Bidault not attend Security Council--Foreign Minister Bidault has told Ambassador Caffery that President Gouin does not wish Bidault to attend the current Security Council meetings, unless "basic questions" are raised in the Council. In that event, Bidault will come to New York and do his part "openly and courageously", even though it is certain to involve a rupture with the French Communists.
2. US reply to French note on the Saar--The French have asked to have the Saar placed under French political control and integrated into the French economy. The State Department has replied that the US will support four-power consideration of the French proposal and will itself approach the matter with "most sympathetic" understanding, if the French will agree to the establishment of central administrative agencies for Germany.
3. The Command, US Naval Forces, Australia-New Guinea Area, was dissolved on 27 March and the light cruiser FIRMINGHAM has been directed to report to CINCPAC for duty. The Navy reports that this action was taken because of progress made in Navy "roll-up" in that area.

EUROPE-AFRICA

4. IRAN: Soviets evacuating Karaj--Embassy Tehran confirms that the promised Soviet evacuation of Karaj, northwest of Tehran, is almost complete and reports indications that an evacuation of Kazvin is starting. US Consul Tabriz reports, however, that as of 25 March there was no sign of Soviet evacuation of the Tabriz area, but on the contrary he noted truck convoys are still carrying supplies from the railroad station to the barracks area. A large column of Soviet tanks and trucks reportedly passed through the city and out the Tehran road on the night of 24 March.

Ambassador Murray has made clear to Qavam that the latter's assurances with respect to US rights for exploitation of oil in Baluchistan were gratuitous and must not be considered to have any relation to the question of Soviet evacuation of Iran (see Daily Summary of 26 March, item 1). Qavam agreed and said the offer had

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been entirely on his own initiative.

Ambassador Murray also reports that Qavam, in outlining to the British Charge the texts of the latest Soviet notes, apparently omitted mention of the 24 March note which proposed the creation of a joint Soviet-Iranian oil company. Qavam's complete silence on the oil question, Murray considers, may stem from a feeling that the British would either (a) oppose his contemplated deal with the Soviets, or (b) demand equivalent concessions for themselves.

5. IRAQ: Fears of Soviet agents--According to Legation Baghdad, the Iraqi Prime Minister fears that several hundred Soviet agents may have come into Iraq in trucks which in recent weeks have brought in pilgrims from the USSR and Iran. The Prime Minister says that considerable funds are being brought from Iran into Iraq by Shia divines, which he believes are being used to support Soviet agitation among the Shias.
6. USSR: Vishinsky denies US charges on Balkan ACC procedure--In reply to a 21 February note from the State Department, Vishinsky denies that the Soviet Government has obstructed the practical implementation of the Potsdam Agreement by refusing to consult with US delegates to the Allied Councils in Bulgaria, Rumania and Hungary. The note includes a counter-charge that the Soviet representative on the Allied Commission for Italy is not consulted on important AC decisions, and a request that the US take steps to remedy this "utterly abnormal" situation.
7. BULGARIA: Soviets seek fulfillment of Moscow terms--US Representative Barnes reports that Soviet authorities appear to be making their first serious effort to carry out the Moscow decision on Bulgaria and are pressing for the formation of a Bulgarian cabinet by 27 March. Kimon Georgiev, who is to head the new cabinet, has offered the opposition the Ministry of Justice and the "Assistant Ministry of Interior", and seems prepared to grant a general amnesty and to release opposition members from concentration camps.
8. VENEZIA GIULIA: Political tension increases--According to the US Commanding General, Mediterranean Theater, political tension in Zone A has been increased by the successful pro-Italian demonstration in Trieste on 24 March. Italian partisans have gained confidence

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and are planning a second demonstration on 30 March, which is expected to evoke counter measures by Yugoslav supporters. MA Belgrade reports that Tito in a recent speech stated, with respect to the Venezia Giulia question, that Yugoslavia would defend her rights by force if necessary.

9. ALBANIA: UK protests unfriendly attitude--The UK Foreign Office has notified the Albanian Government that it will not exchange diplomatic representatives unless the Albanian Government agrees to (a) permit the British to complete the registration of British war graves in Albania, and (b) approve the entry of all members of the proposed British Ministry to Albania and give assurances that the latter will receive all the normal facilities and immunities customarily granted to diplomatic representatives of a friendly country.
10. AUSTRIA: Difficulties in fulfilling UNRRA program--General Clark reports that on 25 March the Chief of the UNRRA Mission in Austria told the Allied Council, Vienna, that available food supplies from all sources would feed Austria only until the middle of May. This shortage results from the failure of the French and Soviets to turn over to UNRRA enough food to supply their respective zones for 60 days after 1 April. General Clark insisted that the Austrian Government be advised that if unsatisfactory replies are received from the USSR regarding the reduction of its troops and its seizure of arable land, the US would reserve the right to change the position of UNRRA in Austria.

Clark believes that confusion and divided responsibility are inevitable if UNRRA takes over the distribution of food on 1 April. He recommends that military supply and responsibility be continued until UNRRA has the necessary food stocks to carry out a relief program on a sound basis. He estimates that these stocks will not be available before 1 June.

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11. CHINA: Inactivation of the China Theater--The Joint Chiefs of Staff have directed that the China Theater be inactivated on 1 May. In anticipation of this action, (a) all Army combat units have already been removed from China, and (b) other Army units have been reduced by 90 percent to 10,000 men. After 1 May those residual functions of the Theater that involve the responsibility of the War Department will be assumed by the Commanding General of US Army Forces in China; operational control of the remaining Marine forces (now 34,000 men) will be exercised by the Commander of the Seventh Fleet, under CINCPAC.
12. KOREA: Soviet objectives in the Joint Commission--General Hodge believes that the Soviet members of the US-USSR Joint Commission are under orders to achieve the following objectives: (a) to establish Korea as a Communist state friendly to the USSR, (b) to arrange a trusteeship for Korea even before the Provisional Government is formed, (c) to exclude from conferences with the Commission any party or individual who is opposed to trusteeship, and (d) to have the Commission disregard as undemocratic every political belief which is not Communist.
13. JAPAN: Contrasting views on postponement of Japanese elections--The Far Eastern Commission asked General MacArthur for his views on the further postponement of the Japanese elections (now scheduled for 10 April). The members of the Commission believe that holding the elections at such an early date will give a decisive advantage to the well-established reactionary parties. However, General MacArthur, in anticipation of this request, stated that further postponement of the elections would inevitably help the reactionary group, since it has been severely crippled by the application of the purge directive of 4 January.

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